Draft Scoping Document

For the Chuitna Coal Project
Supplemental Environmental Impact Statement

Chuitna Coal Project
Beluga Coal Field, Alaska

Prepared by
U.S. Environmental Protection Agency

June 2006

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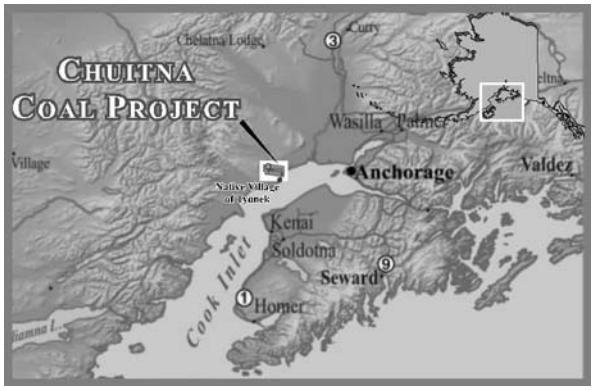
Purpose

This scoping document has been prepared for the Chuitna Coal Project (Project) located near Beluga, Alaska. Scoping is one of the first steps in the National Environmental Policy Act (NEPA) process. Scoping serves to inform interested parties about the proposed project, issues, and alternatives, and to seek input on the project, issues, and alternatives. This input will be used in developing a Supplemental Environmental Impact Statement (SEIS) for the Project. This scoping document provides a description of the Project and Project alternatives and identifies how and by when to submit comments.

Introduction

Project Background



The Chuitna Coal Project is a surface coal mining and export development located in the Beluga Coal Field of Southcentral Alaska, approximately 45 miles west of Anchorage. The Project is based on the development of a 1 billion ton, ultra low sulfur, subbituminous coal resource, the center of which is approximately 12 miles from the coast of Cook Inlet.

The Project area is largely undeveloped except for a system of primitive roadways that remain as a result of oil and gas exploration and production, and logging activities. Landownership in the Project area consists of a combination of public (State of Alaska, Mental Health Trust & Kenai Peninsula Borough) and private entities (Tyonek Native Corporation, Cook Inlet Region, Inc. and individuals).

The proposed Project includes: a surface coal mine and associated support facilities (Chuitna Coal Mine); mine access road, coal transport conveyor, personnel housing, air strip facility (Chuitna Project Infrastructure); a logistic center, and coal export terminal (Ladd Landing Development). The coal export terminal would include a 10,000-foot trestle constructed into Cook Inlet for the purpose of loading ocean-going coal transport ships. PacRim Coal, the project proponent (Applicant), predicts a minimum 25-year mine life based on the proven reserves in one of three mining areas within the 20,571 acre coal lease area.

A previous Project design was evaluated in an Environmental Impact Statement (EIS) and permitted by most of the applicable state and federal regulatory programs in the early 1990s, but the Project did not proceed to development. There have been substantive

changes in the Project design and in the regulatory requirements since this project went through the first permitting and EIS process. Therefore, a comprehensive, stand-alone Supplemental EIS (SEIS) will be prepared for the new proposal.

Agency Involvement

On March 17, 2006, the Applicant submitted a new source NPDES permit application to EPA for discharges of treated wastewater from the mining area and associated mining-related facilities to surface waters of the United States. The permit is a new source subject to the requirements at 40 CFR Part 434, effluent limitation guidelines for the coal mining point source category. As described at 40 CFR Part 122.29 and EPA's NEPA implementing regulations at 40 CFR Part 6, a new source is subject to compliance with NEPA prior to taking a final action on the NPDES permit. The Applicant also submitted another NPDES permit application on March 3, 2006, for discharges from coal storage runoff, facility stormwater runoff, and equipment washdown wastewater from the proposed Ladd Landing Export Terminal and Logistics Center. Because the proposed Project has the potential to cause significant impacts on the environment, EPA determined that a Supplemental EIS (SEIS) would be prepared. EPA will be the lead federal agency for the SEIS process, and will issue a Record of Decision (ROD) documenting the SEIS conclusions and the NPDES permit decision at the end of the process.

On March 13, 2006, EPA entered into a Memorandum of Understanding (MOU) with the Applicant that sets out the terms of cooperation between the Applicant and EPA in the development of the SEIS. Pursuant to the MOU, EPA has selected ENSR Corporation, a third-party contractor, to assist with the preparation of the SEIS and related documents. ENSR is managed by EPA and paid for by the Applicant.

Two other agencies, the U.S. Army Corps of Engineers (Corps) and the Alaska Department of Natural Resources (ADNR), are participating closely in the SEIS process as cooperating agencies and will coordinate their permit application reviews with the SEIS process. The U.S. Fish and Wildlife Service (USFWS) is participating as a consulting agency and will provide input throughout the SEIS process. The roles and responsibilities of the above agencies (EPA, Corps, ADNR, and USFWS) are described in a MOU that was finalized on May 26, 2006. The MOU also describes the coordination between the federal NEPA process and the Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA) process for the Project. In addition to working with these agencies, EPA will coordinate with the National Marine Fisheries Service (NMFS) throughout the SEIS process as required by the Endangered Species Act (ESA).

Permitting Requirements

The proposed Project would have to obtain several permits before development could proceed. The major permits that may be required are listed below:

Federal Authorities

U.S. Environmental Protection Agency

- Clean Water Act Section 402 National Pollutant Discharge Elimination System (NPDES) permits for wastewater discharge
- NPDES permits for storm water discharges during construction and operation
- Spill Prevention, Control, and Countermeasure (SPCC) plan

U.S. Army Corps of Engineers

- Clean Water Act Section 404 permit(s)
- Rivers and Harbors Act Section 10 permit

National Marine Fisheries Service

- Incidental Take Authorization (ITA)

State Authorities

Alaska Department of Natural Resources

- Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA) permit
- Reclamation bond
- Fish habitat permit
- Water rights
- Rights of way/access
- Consistency determination with the Alaska Coastal Management Plan (ACMP)

Alaska Department of Environmental Conservation

- Clean Water Act Section 401 certificate of reasonable assurance of EPA Section 402 NPDES and Corps Section 404 permits
- Air quality permit
- Water supply and sewage treatment system approval
- Wastewater disposal permit
- Stormwater Discharge Pollution Prevention Plan
- Oil discharge prevention and contingency plan
- Landfill permit and bonding

Purpose of Scoping

Scoping is a process intended to reach out to all interested parties to assist EPA in identifying areas and issues of concern associated with the proposed Chuitna Coal Project. The process is designed to help ensure that all significant issues are fully addressed during the course of the SEIS process. The main objectives of this scoping process are to:

- Provide the federal and state agencies, Tribal governments, local governments, private companies, organizations, and individuals with a basic understanding of the proposed Chuitna Coal Project

- Explain where to find additional information about the Project

- Provide a framework for the public to ask questions, raise concerns, identify specific issues, and recommend options other than those proposed by the Applicant

- Ensure that those concerns are incorporated in the SEIS review process

To assist in reaching these objectives, this Scoping Document:

- Presents a schedule for the scoping process

- Describes the scoping open houses to be held in July 2006

- Identifies where additional information about the proposed Project can be obtained

- Describes how the public can participate in the SEIS process after scoping, and presents a tentative SEIS schedule

- Presents both a brief summary of the Applicant's Project proposal as well as more specific details for each Project component

Scoping Schedule

The scoping process formally begins when EPA publishes the Notice of Intent (NOI) to prepare a SEIS in the Federal Register on June 9, 2006. This Scoping Document was distributed for public and agency review and comment at the same time. The comment period has been extended from the required 30 days to 45 days in recognition that this period falls during the fishing season. Following a 4-week period during which interested parties can review the Scoping Document and seek additional information; EPA will conduct public SEIS scoping meetings in Kenai/Soldotna on July 10, 2006, in Anchorage on July 11, 2006, and in Tyonek and Beluga on July 12, 2006, to listen to and record comments and to answer questions. The scoping comment period will end on July 24, 2006.

EPA will review all comments, identify the issues, and distribute a final scoping document along with a scoping responsiveness summary to the public and to the State and federal agencies by August 21, 2006. The scoping responsiveness summary will

summarize comments received during the scoping period and describe how EPA intends to respond to them during the SEIS process.

Scoping Meetings

EPA will host three Chuitna Coal Project scoping meetings. The first scoping meeting will be held on July 10, 2006 in Kenai/Soldotna at the Kenai Peninsula Borough at 144 North Binkley; the second meeting will be held on July 11, 2006 in Anchorage at the Hilton Garden Inn at 100 West Tudor Road; and the third will be held in the Tyonek and Beluga communities on July 12, 2006. The agenda of the Kenai/Soldotna and Anchorage scoping meetings will be as follows:

4:00 p.m. to 6:00 p.m.	Informal Open House
6:30 p.m. to 7:30 p.m.	Project Presentation and Q&A
7:30 p.m. to 9:30 p.m.	Formal Public Testimony

Below is the schedule for the Tyonek and Beluga communities scoping meetings:

9:00 a.m. to 11:30 a.m.	Beluga Camp Cafeteria
3:30 p.m to 6:00 p.m.	Tyonek Tribal Center

The scoping meetings will serve two important purposes. One is to listen to and record the public's comments about the proposed Project as described in the Scoping Document. The second is to respond to the public's requests for the background information that they might need to fully understand the project description and the proposed scope of the SEIS analysis before commenting. EPA and the participating State and federal agencies project staff and staff from ENSR Corporation, will be available to answer questions and explain methodologies for interested members of the public. Scoping comments from the public will be welcomed that day, or they may be submitted to EPA in writing until July 24, 2006.

Information Sources

Copies of the Scoping Document and copies of the previous EIS on CD, may be viewed at the following locations:

- EPA: 1200 Sixth Avenue, Seattle
  222 West 7th Avenue, Room 537, Anchorage
- ADNR: 550 West 7th Avenue, Suite 900, Anchorage
- Z.J. Loussac Public Library, 3600 Denali Street, Anchorage
- Kenai Community Library, 163 Main Street Loop, Kenai

- Tyonek Tribal Office; Contact Teresa Standifer (907) 583-2111

- 3 Mile Creek Services, Beluga; Contact Robert Freeman (907) 583-2641

The Scoping Document and the previous EIS is also available on EPA's website at www.epa.gov/r10earth/water.htm. EPA will assist in obtaining other relevant documents and reports if requested.

How to Comment

Comments may be submitted in writing or recorded verbally at the scoping meetings, or they may be submitted to EPA in writing, by e-mail, or by fax, until the comment period deadline at the close of business on July 24, 2006. Comments should be sent to:

Ms. Hanh Shaw
Chuitna Project Manager
U.S. Environmental Protection Agency
1200 Sixth Avenue, OWW-130
Seattle, WA 98101

Phone: (206) 553-0171
E-mail: shaw.hanh@epa.gov
Fax: (206) 553-0165

Activities After Scoping

Following the scoping process and its identification of issues, the third party contractor, ENSR Corporation, will prepare the SEIS under EPA's direction. The various steps involved in SEIS preparation and public and agency review of the document are shown on the attached figure. The public is welcome to participate throughout the SEIS process, and there are specific points at which public input is specifically sought. These are listed below with their tentative dates, though schedule changes will likely occur.

Public participation process:

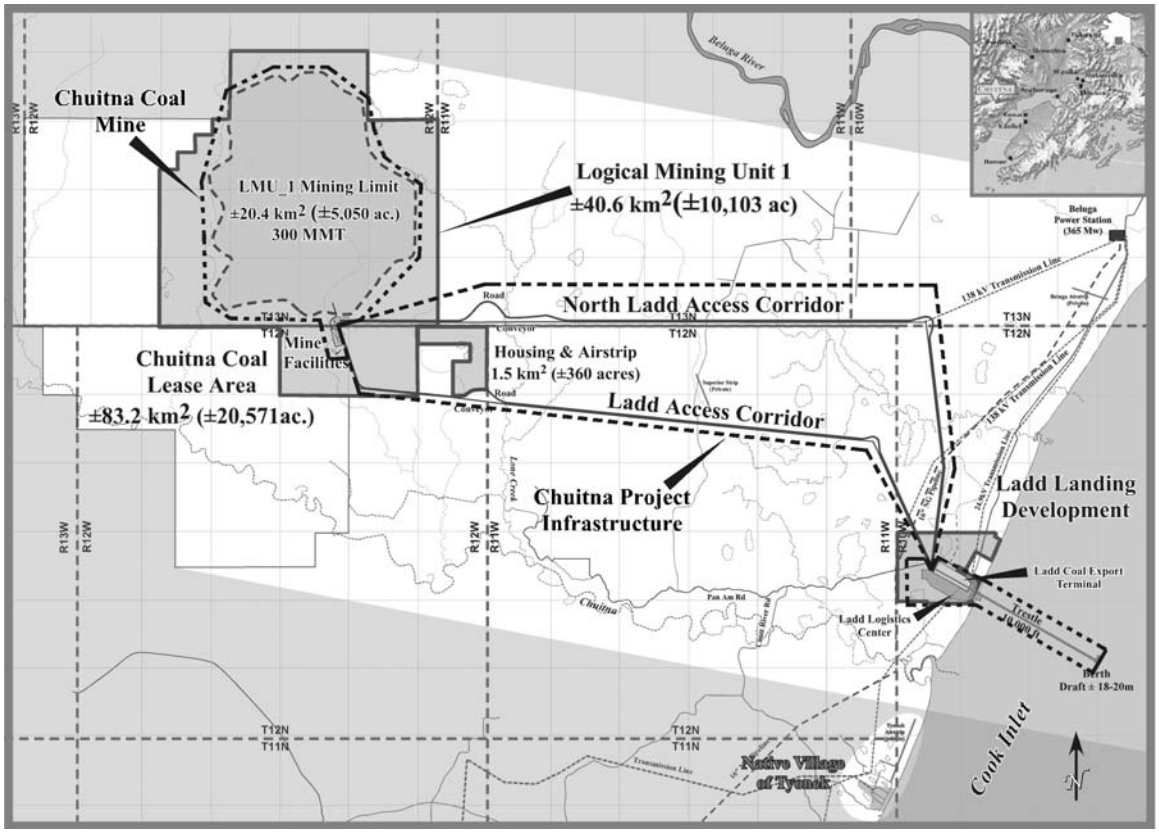
- Distribution of Draft SEIS and draft permit decisions for public/agency review — February 2007
- Draft SEIS open houses and public hearings — March 2007
- Close of public/agency Draft SEIS review period — April 2007
- Distribution of Final SEIS — Summer 2007
- EPA ROD and other State and Federal decisions — Open

Applicant's Proposed Project

The Chuitna Coal Project is a "greenfield", "run-of-mine" coal export development. The Project is "greenfield" in that no coal has been produced in the region and, except for the Beluga Power Plant owned and operated by Chugach Electric Association, there is no existing supporting infrastructure typically available elsewhere in the United States. The Project is also "run-of-mine" in that there is no processing (other than crushing to a size of 2 inches or less) of the coal.

The Chuitna Coal Project is unique in that it is the only coal development project in the United States, wherein all components of the Project (Mine, Infrastructure & Logistics Center, Export Terminal) will be permitted and bonded under the Surface Mining Control and Regulatory Act, a federal program for which the State of Alaska was authorized in 1982 under the Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA).

As shown in the following figure and described in the following paragraphs, the Chuitna Coal Project is composed of three major components: the Chuitna Coal Mine, Chuitna Project Infrastructure and Ladd Landing Development.



Chuitna Coal Mine

The Chuitna Coal Mine, cornerstone of the Chuitna Coal Project, is based on a +1 billion metric ton (MT) ultra low sulfur subbituminous coal reserve located within the 83.2km^2 (20,571 acre) Chuitna Coal Lease Area. The first area to be mined, located within the logical mining unit no. 1 (LMU_1), would yield approximately 300 million MT of coal. The design installed production capacity for the LMU_1 is 12 million MT per year for an estimated mine production life of 25 years. The SEIS will evaluate the potential environmental impacts associated with LMU_1. Other mining areas within the Chuitna Coal Lease Area may be developed at some point in time.

The sizes and locations of the coal seams, the nature of the overburden and interburden, and the economics involved in mining the coal are such that only surface mining would be feasible. The coal is contained in five major seams, each varying in thickness between 1.8 and 6.1 m (6-20 ft), with the first seam located approximately 20 feet below ground surface.

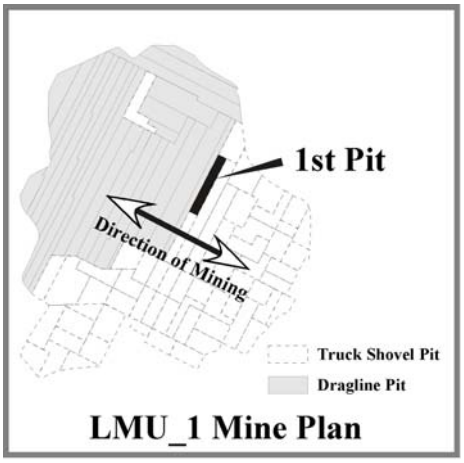
The Chuitna Coal Mine consists of two subcomponents: Mine Facilities and the LMU_1 Mine Plan Area.

The Mine Facilities would consist of:

- Shop/Office/Warehouse Facility
- Fuel Storage Facility and Fueling Station
- Electrical Substation
- Ready Line
- 30,000 Ton Covered Surge Bin and Enclosed Coal Crusher
- Truck Dump with Stilling Shed and Coal Crusher
- Roads and Power Distribution
- Coal Transport Conveyor, Mine Access Road & Power Transmission are part of the Project Infrastructure component (see below)

LMU_1 Mine Plan Area:

As shown in the adjacent figure, mining would begin in approximately the middle of the 20.4 km^2 (5,050 acre) LMU_1 mine plan area. Initial operations would employ a truck shovel mining method and progress to the South and East. A dragline would be operating in year 3 and would work in conjunction with a truck shovel mining method.



LMU_1 Mine Plan

Prior to mining the "glacial drift" overlaying most of the area, the major water bearing zone will be dewatered via wells with the recovered water infiltrated into the ground adjacent to the mined area.

The mined coal would be trucked to the crusher at the mine area, crushed, and then loaded onto the conveyor.

In general, mining and contemporaneous reclamation would involve the following steps:

- Clearing and grubbing, consisting of removal of trees, brush and vegetation. This work would be accomplished with dozers
- Removing topsoil with direct haul back to the regraded backfilled surface (topsoil from the initial pit would be temporarily stockpiled until a regraded surface is available)
- Removing overburden/interburden material, which would be either backhauled (truck shovel) or cast (dragline) to a previously mined area
- Removing coal using excavators, which would then be hauled to the truck dump in the Mine Facilities area
- Rough grading and contouring of the backfilled surface
- Finish grading and contouring of the rough graded surface
- Replacing topsoil and restoring stream drainages
- Revegetation

The preceding steps represent a continuous process of overburden/interburden removal, coal removal, backfilling, grading and revegetation/reclamation. As part of this process, the entire area would be returned to the approximate original contour with drainage basins replaced and stream channels restored. Monitoring would occur to determine the success of the reclamation. Because the mined area is reclaimed with overburden material, there would be no permanent overburden disposal area associated with the Project.

Four point discharge locations are planned for the Chuitna Coal Mine:

- 001 – Mine area runoff located at Latitude 61 degrees, 12 minutes, 28 seconds; Longitude 151 degrees, 21 minutes, 27 seconds into Lone Creek (Stream 2002)
- 002 – Mine area runoff located at Latitude 61 degrees, 10 minutes, 40 seconds; Longitude 151 degrees, 25 minutes, 38 seconds into 2003 Stream
- 003 – Mine area runoff located at Latitude 61 degrees, 10 minutes, 3 seconds; Longitude 151 degrees, 22 minutes, 38 seconds into 2003 Stream
- 004 – Mine facilities runoff, equipment washdown and sanitary wastes located at Latitude 61 degrees, 9 minutes, 43 seconds; Longitude 151 degrees, 22 minutes, 47 seconds into 2003 Stream

All discharges are surface water runoff from precipitation and snowmelt within the affected area of the active pits and reclamation area except for 004 which collects runoff from mine facilities. Treatment measures planned for mine discharges include multi-cell sediment ponds to control suspended solids. Treatment for other 004 discharges includes an oil/water separator and hydrocarbon treatment prior to discharge. A package plant for treatment of sanitary waste would be utilized as pre-treatment for this waste stream.

Mine area surface water controls include use of best management practices (BMPs) that incorporate diversion of runoff from undisturbed areas around affected areas. In addition, run-off from within small affected areas include vegetation barriers, sediment fence, temporary vegetation strips, rock/gravel check dams, and similar measures as individual units or in combination as series depending on site conditions.

Chuitna Project Infrastructure

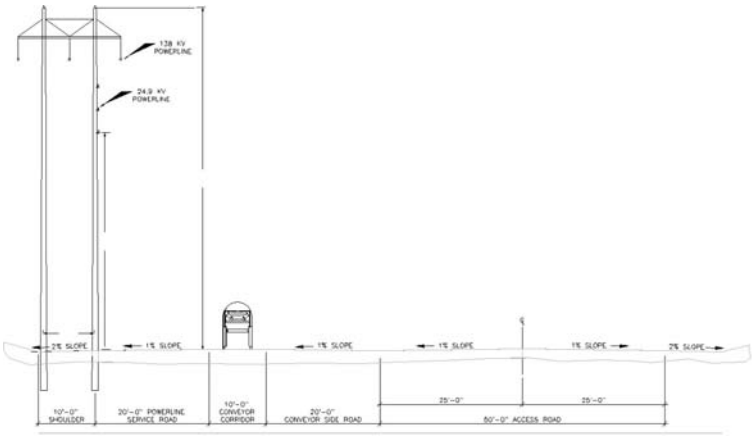
The Project Infrastructure is composed of four subcomponents:

- Housing & Airstrip Facility: Single-status housing for the Project operating workforce (approximately 200-250 personnel) and an airstrip for transport of personnel and small equipment to and from the Project Area. The Housing & Airstrip Facility would be located in close proximity to the Chuitna Coal Mine.

- Mine Access Road: An approximately 20 km (12 mi) all-weather road connecting the Mine with the Ladd Landing on the coast of the Cook Inlet. The road would be used during development/construction of the Chuitna Coal Mine and the Housing & Airstrip facility and during operations to transport equipment and operating supplies to and from Ladd Landing. Two road corridors are currently being considered, the North Ladd Access Corridor and the Ladd Access Corridor (see map, above).

- Coal Transport Conveyor: A covered overland coal transport conveyor with an annual throughput capacity of 15 million MT per year would be constructed. The conventional continuous belt conveyor would transport coal from the mine service area to the Ladd Coal Export Terminal. The entire conveyor structure would be approximately 2.9 m (9.6 ft) tall and 2.2 m (7.3 ft) wide. The coal-carrying belt would be a minimum of 1.0 m (3.3 ft) above the ground and would be supported by heavy duty pipe yokes attached to the horizontal steel pipe at 2 m (6.5 ft) intervals. The conveyor belt would be covered on top and one side with a weatherhood to protect the coal from moisture and wind. The open side would permit visual inspection of and access to the rollers for maintenance. Whenever the conveyor crosses streams, it would be partially enclosed on the underside to prevent coal or dust from entering the stream.

- Power Transmission Facility: A 4.5 mile long 138kV power line would be constructed connecting the existing Beluga Power Plant to the selected access corridor. A 138kV with a 25 kV underbuild transmission line would be constructed within the selected access corridor to provide power to the mine facilities, housing and airstrip facility, coal transport and Ladd Landing development.



The Mine Access Road, Coal Transport Conveyor and the Power Transmission Facility would be co-located in either the North Ladd Access Corridor or the Ladd Access Corridor. The above figure is a typical of an access corridor with all facilities co-located.

Management of surface water off the affected area of the infrastructure corridor would be by BMPs. These measures include diversion of runoff from undisturbed areas around affected areas. In addition, control of run-off from within small affected areas include vegetation barriers, sediment fence, temporary vegetation strips, rock/gravel check dams, and similar measures as individual units or in combination as series depending on site conditions. This linear corridor allows use of these measures to control peak flows, erosion, and suspended solids.

Reclamation of the affected area would be completed in two phases. Following construction, adjacent areas such as cut and fill slopes would be graded to final configuration and topsoil replaced for re-vegetation. The gravel-surfaced corridor would provide a stable surface for location of the power transmission line, coal transport conveyor, adjacent service roads, and the mine access road. Upon completion of coal mining by the Chuitna Coal Mine, these facilities may be removed unless there is a use identified and approved by the land owners for leaving this corridor in place. The access road would provide access for other resource development owners such as the State of Alaska, Mental Health Trust, and others.

Ladd Landing Development

The Ladd Landing Development is composed of two subcomponents:

- Ladd Coal Export Terminal: A trestle facility 3,048 m (10,000 ft) long would be constructed into Cook Inlet that would be capable of an annual throughput of 15 million MT per year with upland storage of approximately 250,000 MT; an offshore vessel berth with an 18-20 m (±60 ft) minimum draft and

installed capacity to load ocean going vessels at approximately 75,000 to 80,000 MT per day.

Coal would enter the onshore Ladd Landing facility on the overland conveyor and be transferred directly to the shiploader on the approach trestle if a barge or ship was being loaded. If loading were not in progress, coal would be stored onshore. The amount of coal stored at Ladd would vary depending upon shipping schedules, marine weather conditions, and downtime in mining operations.

The coal stockyard would have the capacity to store 100,000 to 500,000 MT in an open stockyard that would be contained within a graded foundation and surface water collection ditches. Surface water is routed to two sediment ponds where suspended solids would be removed to meet discharge limitations prior to discharge to Cook Inlet. Two outfalls would be used with discharge piped to approximately the mean lower low water level of Cook Inlet. One system (001) located at Latitude 61 degrees, 6 minutes, 46 seconds; Longitude 151 degrees, 5 minutes, 31 seconds would be for the exclusive use of the coal stockyard. The second system (002) located at Latitude 61 degrees 6 minutes, 28 seconds; Longitude 151 degrees, 5 minutes, 47 seconds is for the collection and containment of surface water from other facilities on the site. An equipment wash facility would be a closed system but may discharge excess water that has undergone treatment at the Chuitna Coal Mine facilities system to remove hydrocarbons (oil and grease).

- Ladd Logistics Center: The central receiving, storage, warehouse, and logistics support facility for the Chuitna Coal Project. The Ladd Logistics Center would include a bulkhead structure with a 3 m (± 10 ft) minimum draft.

  Closure of this facility would involve replacement of topsoil and seeding to re-establish native vegetation after the site is no longer needed for export of coal or other bulk commodities such as gravel that may be mined by others from the adjacent region. It is likely that the facility would continue to be used after all reserves currently under lease by the Chuitna Coal Project have been mined and these facilities would remain in-place if requested by the landowner.

Other Options to be Considered

One of the primary purposes of the scoping process is to identify the range of feasible alternatives that should be evaluated in the SEIS. In addition to the Applicant's proposed project described above, other component options have already been identified that will be considered during the SEIS process. These are described below. It is important in

evaluating the Applicant's proposed options above, that the reader understands that EPA is seeking input to identify other feasible options.

Mine Access Road and Conveyor Alignment

The Applicant is considering two access road and conveyor routes from the Ladd Landing Area to the mine site. EPA will also consider other access and conveyor alternatives.

Coal Export Terminal

Alternatives to the construction of the bulkhead structure and the proposed 10,000 ft coal export trestle will be considered.

Airstrip Locations

The proposed airstrip locations and options to air transport will be considered.

Wastewater Discharges

EPA will evaluate alternatives to the wastewater management and discharge locations proposed by the Applicant.

Issues of Concern

Several important concerns have been identified that will be considered during the SEIS process. These are listed below. EPA is seeking public input to identify still other important issues. All substantive issues identified by the public will be considered by EPA in formulating the scope of analysis for the SEIS.

Cook Inlet Belugas
Impacts to Local Population/Tyonek
Trestle
Intertidal Fill/Bulkhead
Water Quality (surface and groundwater)
Stormwater
Reclamation, Restoration, and Post-Mining Land Use
Access Road
Air Quality/Dust
Subsistence Use

Set Netters
Wildlife (habitat and movement)
Anadromous and Resident Fish
Stream Crossings
Cumulative impacts due to increased access to the area and potential for mine expansion or other separate future mining activities

Public Solicitation of Input for Actions in the Chuitna Coal Project Area

All federal and state agencies, Tribal governments, local governments, private companies, organizations, and individuals are asked to notify EPA of any past, present, or future actions they are aware of or may undertake within a fifty mile radius of the Chuitna Coal Project. EPA respectfully requests this information to ensure that the SEIS adequately addresses the cumulative impacts that may occur to the environment if the Chuitna Coal Project were to be developed.

NEPA requires EPA to assess cumulative impacts in an EIS. Specifically, 40 CFR Part 1508.7 defines cumulative impacts and directs federal agencies to assess, "the impact on the environment which results from the incremental impact of the action when added to other past, present, and reasonably foreseeable future actions regardless of what agency (Federal or non-Federal) or person undertakes such other actions. Cumulative impacts can result from individually minor but collectively significant actions taking place over a period of time."

For example, EPA would like to know if other coal and natural resource development would occur near the project area as a result of new mine access and infrastructure. These developments would cause significant additional impacts of a nature similar to this project, including additional large mine areas, more roads and airstrips, and increased human population and activity. The SEIS will need to assess such future actions to determine whether there might be cumulative or threshold environmental impacts from mine development and such related future foreseeable actions on wildlife, vegetation, air quality, subsistence, etc.

If you are aware of another agency or entity that has, is, or likely will take action within a fifty mile radius of the proposed mine, please contact Hanh Shaw of EPA at (206) 553-0171 or shaw.hanh@epa.gov with such information by the close of the scoping process comment period on July 24, 2006.

Chuitna Coal Project
Supplemental Environmental Impact Statement (SEIS) Process and Schedule